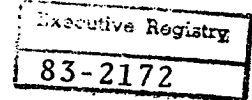


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April 21, 1983

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MEMORANDUM FOR THE VICE PRESIDENT

THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE UNITED STATES TRADE REPRESENTATIVE
THE ASSISTANT TO THE PRESIDENT FOR POLICY
DEVELOPMENT
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

SUBJECT: Follow-up on NSDD-66 on East-West Economics for
the Williamsburg Summit (C)

The President has reviewed the progress to date in each of the respective East-West economic work programs (COCOM, IEA, OECD and NATO) under the supervision of the SIG-IEP and the inter-agency consensus achieved by the working group chairmen concerning the expected results in each of these fora by the time of the Williamsburg summit. To advance this process and concentrate interagency attention on achieving these minimum results between now and Williamsburg, they are provided below:
(C)

COCOM

- Agreement to implement immediately controls on items as they are agreed during the List Review. (C)
- Agreement in principle to pursue the proposal for a new control list of "disembodied" technologies, with specifics to be developed as soon as possible. (C)
- Agreement to develop a "watch list" for monitoring emerging technologies of potential military significance by July. (C)
- Commitment to continued urgent technical work resulting in early agreement in the List Review on the high priority items: communications switching equipment, computer hardware and software, electronic grade silicon, and robotics. (C)

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- Agreement in principle, with action plan to develop several technical and administrative measures to improve the effectiveness of the COCOM secretariat (establishment of subcommittee of military and defense specialists, and upgrading equipment, staff and budget of COCOM Secretariat); agreement on plans for further measures to enhance national enforcement measures and harmonize national licensing procedures. (C)
- Agreement to continue study as to whether Western security interests require controls on other high technology, including oil and gas, and agreement to report the results at a future meeting set by the high-level meeting.
- Commitment to complete on priority basis the ad hoc study on controlling other high technology items, including oil and gas equipment. (C)

OECD

- Renewed export credit consensus which provides for automatic adjustment of interest rate guidelines to market conditions and reduces the amount of cover on credits or guarantees including elimination of official support for local cost financing. (C)
- Significant progress in the assessment of the balance of advantages in East-West trade to deal better with Soviet monopsony power. (C)

IEA/OECD

- Agreement to limit non-OECD gas imports from any one supplier to 30 percent of a country's total gas supplies. (C)
- Encouragement of accelerated development of major Western alternatives, especially the Troll field. (C)
- Undertaking security measures to protect against gas supply disruptions. (C)

NATO

- Draw important conclusions from valuable new information made available on the security dimensions of East-West trade to guide us in formulating our policies in this area in the future. (C)
 - o Security and economic aspects of relations with USSR should be consistent and mutually reinforcing. (C)

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- o Trade and other relations should be on basis of a strict balance of advantages. (C)
 - o Soviet economy should not be subsidized or preferentially aided. (C)
 - o West should not contribute through trade to Soviet military strength. (C)
 - o Strengthen efforts to protect Western interests as regards trade which could contribute to the strategic advantage of the Soviet Union. (C)
 - o Avoid undue dependence on USSR for resources important to Western strategic interests, such as energy, and actively encourage development of alternative Western resources. (C)
- Upgrade and strengthen the Economic Committee to continue its work in this area in the future. (C)

It is the President's intention that this list clarify the specifics of his objectives and provide direction for a concerted interagency effort to achieve them between now and Williamsburg. It should also be remembered that Williamsburg was established by NSDD-66 as a benchmark for progress but does not represent the end of this vital work in East-West economic relations. He expects, in most cases, that these work programs will be vigorously pursued in the post-Williamsburg period, particularly in COCOM and NATO. (C)

FOR THE PRESIDENT:


William P. Clark

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